

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 IO-10 L-02

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P R 252110Z APR 75

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC PRIORITY 3523

INFO AMEMBASSY LONDON

C O N F I D E N T I A L SANTO DOMINGO 1866

DEPT PASS ALL ARA DIPLOMATIC POSTS EXCEPT SANTO DOMINGO

E.O. 11652: GDS

TAGS: ETRD, EAGR

SUBJ: SUGAR: CONCLUSION OF LATIN AMERICAN PRODUCERS MEETING IN
PUERTO PLATA

REF: A) STATE 61168; B) SD 1798

BEGIN SUMMARY: THE LATIN AMERICAN SUGAR PRODUCERS MEETING IN
PUERTO PLATA APRIL 21-24 CONCLUDED WITHOUT AGREEMENT
ON PRICE-FIXING OR PRICE-FLOOR ARRANGEMENTS, AND WITHOUT
FINAL AGREEMENT IN SPITE OF MUCH FOCUS ON STATUTES FOR A FORMAL
ORGANIZATION. AGREEMENT WAS REACHED ON (1) SYSTEM OF QUOTA
CONTRIBUTIONS FOR FINANCING A PERMANENT SECRETARIAT, (2) SERVICE
FOR EXCHANGING INFORMATION, (3) TECHNICAL COOPERATION, (4)
CAUCUSING AT THE ARGENTINE EMBASSY IN LONDON BEFORE THE MAY 15
ISO MEETING, AND (5) A THIRD PRODUCERS MEETING IN LIMA THE SECOND
HALF OF NEXT SEPTEMBER. END SUMMARY.

1. THE MEETING WAS ATTENDED BY ALL LATIN AMERICAN AND CARIBBEAN
COUNTRIES EXCEPT CHILE, URUGUAY, SURINAM, AND THE MINI-STATES.
PHILIPPINE OBSERVERS WERE PRESENT.

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2. THE FINAL AGENDA OF THE MEETING WAS AS FOLLOWS:

(1) READING OF THE MINUTES OF THE COZUMEL MEETING

(2) REPORT OF THE SECRETARIAT ON ITS ACTIVITIES

(3) THE INTERNATIONAL SUGAR MARKET AND PROSPECTS FOR THE SHORT, MEDIUM, LONG TERM

(4) COOPERATION AMONG THE MEMBER COUNTRIES OF THE GROUP

(A) FINALIZING A SYSTEM FOR STATISTICAL INFORMATION

(B) TECHNOLOGICAL INTERCHANGE ON CULTIVATION, PROCESSING, AND BY-PRODUCTS OF SUGAR CANE

(C) ANALYSIS OF THE POSSIBILITIES OF INDUSTRIAL COMPLEMENTATION IN THE PRODUCTIVE SECTOR OF ELECTRICAL, MECHANICAL AND PROCESSING EQUIPMENT FOR THE SUGAR INDUSTRY, AS WELL AS FOR THE DESIGN OF SUGAR MILLS

(D) INTERCHANGE OF INFORMATION ON EXPANSION PLANS FOR SUGAR INDUSTRIAL PLANTS FOR MEMBER COUNTRIES.

(5) DISCUSSION OF THE FUNCTIONS AND BUDGET OF THE PERMANENT SECRETARIAT OF THE GROUP OF LATIN AMERICAN AND CARIBBEAN SUGAR EXPORTING COUNTRIES.

(6) VARIOUS PROBLEMS

(A) PARTICIPATION OF OBSERVERS

(B) PARTICIPATION AT FUTURE INTERNATIONAL MEETINGS.

(7) DATE AND PLACE OF THE NEXT MEETING

(8) PREPARATION OF THE FINAL DOCUMENT.

3. WHILE NO HARD LINE WAS PURSUED ON PRICE-FIXING, THERE WAS A CONFIDENTIAL

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GENERAL CONSENSUS ON TRYING TO FIND A WAY TO KEEP PRICES AT REASONABLE

LEVELS. THE CUBAN DELEGATE STATED IN A SPEECH THAT CUBA WOULD NOT RPT NOT IN THE FUTURE MAKE CONTRACTS FOR SALES AT LESS THAN 25 CENTS PER POUND, BUT THIS STATEMENT PROVOKED LITTLE RESPONSE. THE FINAL DECLARATION OF THE MEETING, AFTER REFERRING TO HIGH INVESTMENT COSTS, STATED THE CONVICTION OF THE GROUP THAT QUOTE INTERNATIONAL PRICES SHOULD BE AT LEVELS WHICH ASSURE THE DEVELOPING EXPORTING

COUNTRIES JUST AND ADEQUATE INCOME, WHICH IN TURN PERMITS THE NORMAL DEVELOPMENT OF THE SUGAR INDUSTRY UNQUOTE. (COMMENT: EMB UNABLE THUS FAR TO DETERMINE BASIS FOR MAIDENBERG STORY IN NEW YORK TIMES, APRIL 25 INDICATING CONSENSUS ON PRICE PLAN TO BE PRESENTED AT NEXT MONTH'S MEETING.)

4. THE PRINCIPAL CONTROVERSIES WERE OVER WHAT THE MEETING SHOULD ACCOMPLISH AND HOW THE PRODUCERS ASSOCIATION SHOULD BE ORGANIZED. SOME DELEGATES WANTED TO DEDICATE THEIR EFFORTS PRIMARILY TO ESTABLISHING A PERMANENT ORGANIZATION, AND OTHERS WANTED TO GO IMMEDIATELY TO THE QUESTION OF THE PURPOSE AND FUNCTION OF THE ORGANIZATION.

5. ACCORDING TO AN OBSERVER AT THE MEETING (ALL SESSIONS WERE BEHIND CLOSED DOORS), THE BRAZILIAN DELEGATE INSISTED UPON REMOVING AGENDA ITEM 4, WHICH ORIGINALLY READ QUOTE CONSIDERATION OF THE FORMAL JURIDICAL BASES WHICH SHOULD BE GIVEN THE GROUP OF LATIN AMERICAN AND CARIBBEAN SUGAR-EXPORTING COUNTRIES UNQUOTE. DURING THE COURSE OF THE MEETING, CANO ESCALANTE, THE MEXICAN, INTRODUCED A PAPER ENTITLED QUOTE THE STATUTES OF THE ORGANIZATION UNQUOTE WHICH WAS AN ATTEMPT TO REINTRODUCE AGENDA ITEM 4 IN A SOMEWHAT DISGUISED FORM. THE MEXICAN PAPER HAD TO BE SET ASIDE IN VIEW OF THE FIRM OPPOSITION OF THE BRAZILIANS.

6. A DRAFT OF THE PROPOSED STATUTES WILL, NEVERTHELESS, BE REFERRED TO THE PARTICIPATING GOVERNMENTS FOR APPROVAL OR OBSERVATIONS WITHIN 60 DAYS. IF THE SECRETARIAT RECEIVES NO OBSERVATIONS, THE STATUTES WILL BE CONSIDERED APPROVED. IF OBSERVATIONS ARE RECEIVED, THE SECRETARIAT WILL ATTEMPT TO OBTAIN A CONSENSUS OF THE VARIOUS GOVERNMENTS.

7. AGREEMENT WAS REACHED ON THE FOLLOWING SYSTEM OF QUOTA
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CONTRIBUTIONS FOR FINANCING THE SECRETARIAT'S BUDGET: CONTRIBUTIONS WILL BE MADE IN PROPORTION TO THE VOLUME OF SUGAR EXPORTS WHICH EACH COUNTRY AVERAGED OVER THE THREE YEARS PRIOR TO THE BUDGET EXERCISE, WITH THE CONDITIONS THAT EACH COUNTRY WOULD HAVE A MINIMUM QUOTA OF \$5,000 AND NO COUNTRY WOULD HAVE A QUOTA OF MORE THAN 30 PERCENT OF THE BUDGET.

8. THE PROPOSED BUDGET CALLS FOR ANNUAL EXPENDITURES OF \$657,766.21. ABOUT 31.6 PERCENT OF EXPENDITURES WOULD GO FOR SALARIES AND HONORARIUMS, AND 27.6 PERCENT FOR COMMUNICATIONS. THE REMAINDER WOULD BE FOR ADMINISTRATIVE AND TRANSPORTATION COSTS.

9. THE CUBAN DELEGATION PRESENTED AN ANALYSIS OF THE SUGAR MARKET SINCE THE COZUMEL MEETING WHICH WILL BE REPORTED BY SEPTTEL.

10. WHEN MEETING ENDED, PRESIDENT BALAGUER RECEIVED THE FINAL DOCUMENT IN SANTO DOMINGO FROM THE DELEGATES, INCLUDING CUBAN DEPUTY MINISTER FOR FOREIGN COMMERCE RICARDO CABRISAS RUIZ.

11. EMBASSY WILL REPORT FURTHER ON MEETING AS ADDITIONAL INFORMATION DEVELOPS AND WILL POUCH VARIOUS DOCUMENTS PERTAINING TO IT. PRODUCERS HAVE BAPTIZED THEMSELVES GRUPO DE PAISES LATINOAMERICANOS Y DEL CARIBE EXPORTADORES DE AZUCAR WITH ACRONYM, GEPLACEA. HURWITCH

NOTE BY OC/T: NOT PASSED ALL ARA POSTS.

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